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## Bargaining Information Series

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SELECTED COST-OF-LIVING PROVISIONS  
IN ONTARIO COLLECTIVE AGREEMENTS  
May 1975

Number 7

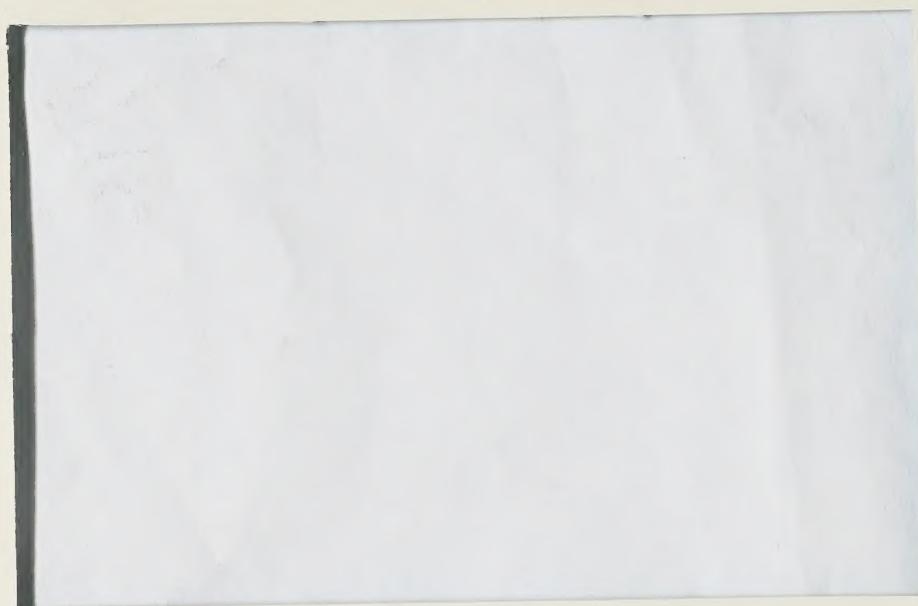


Ontario

Ministry of  
Labour

Research  
Branch

Toronto  
Ontario



7

SELECTED COST-OF-LIVING PROVISIONS  
IN ONTARIO COLLECTIVE AGREEMENTS  
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by  
Research Branch  
Ontario Ministry of Labour  
July 1975

Hon. John MacBeth  
Minister


R. D. Johnston  
Deputy Minister





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## INTRODUCTION

Report Number 3 in the Bargaining Information Series provided a comprehensive analysis of cost-of-living provisions in Ontario collective agreements as of October 1974. This paper is designed to give quick access to information on some of the major elements of these provisions updated as of May 1975.

Detail tables on the main provisions, broken down by industry, have been prepared to provide information that will be useful in bargaining situations. For quick reference, the tables are preceded by a summary of their contents.

The information presented was drawn from an analysis of all Ontario collective agreements covering bargaining units of 200 or more employees working in industries other than construction. As of May 1975, when the analysis was prepared, there were 871 such agreements, covering 744,764 employees, on file with the Collective Agreements Library of the Ministry of Labour.

This report was prepared by Beth Kendall Jess.  
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## COST-OF-LIVING ALLOWANCES

### Prevalence of Cost-of-Living Allowances (Table 1)

A comprehensive analysis of cost-of-living provisions in effect as of October 1974 was published in February 1975.\* At that time, 823 agreements were studied, of which 165 (20 per cent) contained cost-of-living provisions covering 32 per cent of the employees.

For this report, based on data in effect as of May 1975, 871 agreements were analyzed, of which 255 (29 per cent) have cost-of-living provisions covering 39 per cent of the employees. Most of this increase over 1974 is due to the inclusion in the May file of agreements in the rubber, forestry, railway and food store industries which have provisions for cost-of-living protection for the first time. Another reason for this increase is that there are a greater number of agreements with C.O.L.A. clauses in the metal fabricating, machinery and electrical products industries.

Cost-of-living clauses are more common in manufacturing industries: 40 per cent of the 474 manufacturing agreements have cost-of-living provisions covering 60 per cent of the employees, compared with 16 per cent of the 397 non-manufacturing agreements, covering 25 per cent of the employees. However, most of the increase in the number of C.O.L.A. clauses in the May file is in non-manufacturing industries. Cost-of-living clauses are particularly prevalent in metal fabricating, machinery, transportation equipment and transportation industries. None of the 142 health and welfare, federal administration or provincial administration contracts (which cover 25 per cent of the total employees) has such a clause.

### Size of Bargaining Unit

As the following tabulation shows, 70 per cent of the employees covered by cost-of-living clauses are in bargaining units of 1,000 or more employees. This concentration results in large part from the fact that a number of very large bargaining units in automobile, primary metal, mines and utilities have cost-of-living protection.

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\* "Cost-of-Living Provisions in Ontario Collective Bargaining Agreements, October 1974", by Lenard Haywood and Susan Markell, Bargaining Information Series Number 3, Research Branch, Ontario Ministry of Labour, February 1975



Cost-of-Living Provisions by Size of Bargaining Unit

<u>Size of Bargaining Unit</u>	<u>Number with Cost-of-Living Clauses</u>			
	<u>Agreements</u>	<u>Per Cent</u>	<u>Employees</u>	<u>Per Cent</u>
200 to 299 employees	71	28	17,373	6
300 to 399 employees	46	18	15,335	5
400 to 499 employees	28	11	12,327	4
500 to 999 employees	64	25	42,688	15
1,000 to 4,999 employees	35	14	78,591	27
5,000 employees or more	<u>11</u>	<u>4</u>	<u>124,140</u>	<u>43</u>
Total	255	100	290,454	100

Cost-of-Living Formulae (Table 2 and 3)

The amount of the cost-of-living allowance is related to an increase in a specified consumer price index. Generally, this is the Canada Consumer Price Index published by Statistics Canada. The most usual type of formula is a cents-per-hour adjustment for each specified point change in the index used. As Table 2 shows, these adjustments currently range from 1 cent per hour for each 0.3 point change to 2 cents for each 1.0 point change.

In the October 1974 report, 21 agreements covering 32 per cent of the employees specified a 1 cent adjustment for each 0.3 to 0.35 of a point change. This changed in 1975 to 32 agreements covering 25 per cent of the employees. Close to one-fifth (19 per cent) of the employees are covered by the formula that provides 1 cent per hour for each 0.3 point change in the index. Nine of the 10 plans with this formula use either an index published by the United States Bureau of Labor Statistics, or a combination of American and Canadian indices; most of these plans (6, covering 53,635 employees) are in the transportation equipment industry.

The most common forms of adjustment in terms of the numbers of plans involved are 1 cent for each 0.4 point change, 1 cent per 0.45 and 1 cent per 0.5 (see Table 3). These three formulae are found in 59 per cent of the plans covering 46 per cent of the employees. The number of plans using 0.45 has increased and the number using 0.5 has doubled as the following tabulation shows.

Comparison of the Use of the Three Most  
Common Formulae in 1975 and 1974

Formula	May 1975		October 1974	
	Number of Plans	Per Cent	Number of Plans	Per Cent
1¢ per 0.4	39	15	35	21
1¢ per 0.45	40	16	29	18
1¢ per 0.5	<u>72</u>	<u>28</u>	<u>35</u>	<u>21</u>
Total	151	59	99	60

Formulae that specify a percentage adjustment in the same amount as the percentage change in the index are less common than a cents-per-hour formula, but their number has increased since the October 1974 report when there were 2 such arrangements covering 12,000 employees. As of May 1975, this number increased with the addition of 14 transportation (railway) plans and 1 food and beverage plan providing a 1 per cent adjustment for each 1 per cent increase in the index, for 25,000 employees.

During the terms of 7 agreements, there are changes in the cost-of-living formulae as shown in the following tabulation.

Changes During the Term of the Agreement in the  
Cost-of-Living Formula

<u>Change from</u>	<u>Change to</u>	<u>No. of Agreements</u>
1¢ per 1.0	1¢ per 0.5	1
0.7	0.5	1
0.6	0.45	1
0.5	0.45	2
0.5	0.4	2

Frequency of Review (Table 4)

Almost three-quarters (73 per cent) of the plans provide that the index will be reviewed every 3 months to determine whether or not a wage adjustment is required. All the transportation equipment, rubber and forestry agreements have a quarterly review as do most of the food and beverage, metal fabricating, machinery, and electrical products contracts. This figure of 73 per cent is slightly lower than that for October 1974 and there has been a corresponding increase in the number of plans providing for 1 adjustment during the term of the agreement (8 per cent versus 2 per cent in the previous report). This increase is largely due to the addition of the 14 railway plans.



Table 1

PREVALENCE OF COST-OF-LIVING ALLOWANCES

In Ontario Collective Agreements, Covering 200 or More Employees,  
by Industry, as of May 1975.

Industry	Total Studied		Number with Provision		Per Cent with Provision	
	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	871	744,764	255	290,454	29.3	39.0
Manufacturing .....	474	301,141	189	181,530	39.9	60.3
Foods and beverages .....	44	20,492	11	8,609	25.0	42.0
Tobacco products .....	3	1,423	3	1,423	100.0	100.0
Rubber and plastic products .....	18	9,796	11	7,322	61.1	74.7
Leather industries .....	8	2,771	3	935	37.5	33.7
Textile mill products .....	28	11,604	4	1,727	14.3	14.9
Knitting mills .....	4	1,224	-	-	-	-
Clothing industries .....	9	9,080	-	-	-	-
Wood products .....	13	3,513	3	635	23.1	18.1
Furniture and fixtures .....	13	4,644	2	1,289	15.4	27.7
Paper and allied products .....	42	17,781	2	455	4.8	2.5
Printing and publishing .....	11	6,487	-	-	-	-
Primary metal industries .....	30	32,056	14	24,278	46.7	75.7
Metal fabricating .....	57	19,754	34	13,451	59.6	68.1
Machinery, except electrical .....	27	15,306	21	13,485	77.8	88.1
Transportation equipment .....	58	83,164	39	74,941	67.2	90.1
Electrical products .....	53	37,128	27	25,852	50.9	69.6
Non-metallic mineral products .....	20	9,122	7	3,248	35.0	35.6
Petroleum and coal products .....	2	1,128	-	-	-	-
Chemical and chemical products ....	15	6,777	1	434	6.7	6.4
Miscellaneous manufacturing .....	19	7,891	7	3,446	36.8	43.7
Non-Manufacturing .....	397	443,623	66	108,924	16.6	24.5
Forestry .....	12	6,177	9	3,740	75.0	60.5
Mining and quarrying .....	19	25,156	9	21,007	47.4	83.5
Transportation .....	37	50,859	22	41,495	59.4	81.6
Storage .....	2	1,925	-	-	-	-
Communications .....	16	46,125	1	4,741	6.2	10.3
Electric, gas and water utilities..	13	16,442	5	13,312	38.5	81.0
Wholesale trade .....	4	1,312	2	612	50.0	46.6
Retail trade .....	18	31,251	9	18,856	50.0	60.3
Finance, insurance and real estate.	1	501	-	-	-	-
Education and related services ....	55	26,955	4	1,226	7.3	4.5
Health and welfare services .....	93	36,362	-	-	-	-
Recreational services .....	5	2,809	-	-	-	-
Business services .....	7	4,639	1	2,200	14.3	47.4
Personal services .....	16	6,880	-	-	-	-
Miscellaneous services .....	2	479	-	-	-	-
Federal administration .....	43	84,054	-	-	-	-
Provincial administration .....	6	68,481	-	-	-	-
Local administration .....	48	33,216	4	1,735	8.3	5.2



Table 2

COST-OF-LIVING FORMULAE

In Ontario Collective Agreements Covering 200 or More Employees, as of May 1975

Formula	With Provision		Industries Affected
	Agrts	Empls	
Total .....	255	290,454	
1¢ per hour for each 0.3 point .....	10	55,688	Metal fabricating; transportation equipment; mining; wholesale trade.
1¢ per hour for each 0.325 point ...	2	1,284	Metal fabricating.
1¢ per hour for each 0.35 point ....	20	16,681	Food and beverages; machinery; transportation equipment; non-metallic mineral products; forestry.
1¢ per hour for each 0.375 .....	1	761	Primary metal
1¢ per hour for each 0.4 point .....	39	44,076	See Table 3.
1¢ per hour for each 0.45 point ....	40	36,657	See Table 3.
1¢ per hour for each 0.46 point ....	3	1,315	Rubber; machinery; transportation.
1¢ per hour for each 0.5 point .....	72	53,931	See Table 3.
1¢ per hour for each 0.55 point ....	1	581	Machinery
1¢ per hour for each 0.6 point .....	21	26,013	Furniture; primary metal; metal fabricating; machinery; electrical products; miscellaneous manufacturing; mining; transportation.
1¢ per hour for each 0.7 point .....	2	573	Electrical products; transportation equipment.
1¢ per hour for each 0.8 point .....	1	260	Transportation equipment.
1¢ per hour for each 1.0 point .....	6	1,702	Textile; electrical products; non-metallic mineral products; miscellaneous manufacturing; mining.
2¢ per hour for each 1.0 point .....	1	280	Metal fabricating.
2¢ per hour for each 2.0 point .....	2	555	Leather goods.
40¢ per week for each 0.5 point ....	1	285	Electrical products.
50¢ per week for each 0.5 point ....	1	358	Transportation equipment.
\$1.73 per month for each 0.3 point .	2	904	Transportation equipment.
1% of wages for each 1% .....	15	24,913	Transportation; food and beverages.
3% of wages for each 3% .....	2	12,089	Utilities.
Other .....	13	11,548	Tobacco products; metal fabricating; machinery; communications.

Table 3

COST-OF-LIVING - MOST PREVALENT FORMULAE

In Ontario Collective Agreements Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision	1¢ Per Hour For Each Change in C.P.I.							
		0.4 Point		0.45 Point		0.5 Point		Other	
		Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	255 290,454	39	44,076	40	36,657	72	53,931	104	155,790
Manufacturing .....	189 181,530	30	17,892	40	36,657	51	22,814	68	104,167
Foods and beverages .....	11 8,609	-	-	6	5,731	3	2,048	2	830
Tobacco products .....	3 1,423	-	-	-	-	2	1,137	1	286
Rubber and plastic products .....	11 7,322	-	-	10	7,107	-	-	1	215
Leather industries .....	3 935	-	-	-	-	-	-	3	935
Textile mill products .....	4 1,727	-	-	-	-	2	1,220	2	507
Knitting mills .....	-	-	-	-	-	-	-	-	-
Clothing industries .....	-	-	-	-	-	-	-	-	-
Wood products .....	3 635	-	-	1	200	2	435	-	-
Furniture and fixtures .....	2 1,289	-	-	-	-	1	525	1	764
Paper and allied products .....	2 455	-	-	-	-	2	455	-	-
Printing and publishing .....	-	-	-	-	-	-	-	-	-
Primary metal industries .....	14 24,278	3	1,985	-	-	2	975	9	21,318
Metal fabricating .....	34 13,451	4	1,383	1	578	15	5,104	14	6,386
Machinery, except electrical .....	21 13,485	-	-	3	2,304	9	2,815	9	8,366
Transportation equipment .....	39 74,941	16	10,645	6	3,401	1	325	16	60,570
Electrical products .....	27 25,852	1	445	11	16,757	9	6,165	6	2,485
Non-metallic mineral products .....	7 3,248	3	1,688	-	-	2	540	2	1,020
Petroleum and coal products .....	-	-	-	-	-	-	-	-	-
Chemical and chemical products .....	1 434	1	434	-	-	-	-	-	-
Miscellaneous manufacturing .....	7 3,446	2	1,312	2	579	1	1,070	2	485

Table 3 (Cont'd)

COST-OF-LIVING - MOST PREVALENT FORMULAE

In Ontario Collective Agreements Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision		1¢ Per Hour For Each Change in C.P.I.											
			0.4 Point			0.45 Point			0.5 Point			Other		
	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	255	290,454	39	44,076	40	36,657	72	53,931	104	155,790				
Non-Manufacturing .....	66	108,924	9	26,184	-	-	21	31,117	36	51,623				
Forestry .....	9	3,740	-	-	-	-	-	-	9	3,740				
Mining and quarrying .....	9	21,007	6	19,866	-	-	-	-	3	1,141				
Transportation .....	22	41,495	1	5,359	-	-	5	10,352	16	25,784				
Storage .....	-	-	-	-	-	-	-	-	-	-				
Communications .....	1	4,741	-	-	-	-	-	-	1	4,741				
Electric gas and water utilities .....	5	13,312	2	959	-	-	1	264	2	12,089				
Wholesale trade .....	2	612	-	-	-	-	1	300	1	312				
Retail trade .....	9	18,856	-	-	-	-	8	17,917	1	939				
Finance, insurance and real estate ...	-	-	-	-	-	-	-	-	-	-				
Education and related services .....	4	1,226	-	-	-	-	2	549	2	677				
Health and welfare services .....	-	-	-	-	-	-	-	-	-	-				
Recreational services .....	-	-	-	-	-	-	-	-	-	-				
Business services .....	1	2,200	-	-	-	-	-	-	1	2,200				
Personal services .....	-	-	-	-	-	-	-	-	-	-				
Miscellaneous services .....	-	-	-	-	-	-	-	-	-	-				
Federal administration .....	-	-	-	-	-	-	-	-	-	-				
Provincial administration .....	-	-	-	-	-	-	-	-	-	-				
Local administration .....	4	1,735	-	-	-	-	4	1,735	-	-				

Table 4

COST-OF-LIVING ALLOWANCES - FREQUENCY OF REVIEW

In Ontario Collective Agreements, Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision		Frequency of Review					
			Monthly		Quarterly		Semi-Annually	
	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	255	290,454	8	3,570	187	191,823	15	25,071
Manufacturing .....	189	181,530	2	630	156	151,305	8	3,013
Foods and beverages .....	11	8,609	-	-	9	7,818	1	591
Tobacco products .....	3	1,423	-	-	2	1,137	-	-
Rubber and plastic products .....	11	7,322	-	-	11	7,322	-	-
Leather industries .....	3	935	-	-	-	-	3	935
Textile mill products .....	4	1,727	-	-	4	1,727	-	-
Knitting mills .....	-	-	-	-	-	-	-	-
Clothing industries .....	-	-	-	-	-	-	-	-
Wood products .....	3	635	-	-	3	635	-	-
Furniture and fixtures .....	2	1,289	-	-	1	525	-	-
Paper and allied products .....	2	455	-	-	2	455	-	-
Printing and publishing .....	-	-	-	-	-	-	-	-
Primary metal industries .....	14	24,278	-	-	7	4,006	-	-
Metal fabricating .....	34	13,451	2	630	21	8,355	3	1,202
Machinery, except electrical .....	21	13,485	-	-	18	12,404	-	-
Transportation equipment .....	39	74,941	-	-	39	74,941	-	-
Electrical products .....	27	25,852	-	-	26	25,407	-	-
Non-metallic mineral products .....	7	3,248	-	-	6	2,978	-	-
Petroleum and coal products .....	-	-	-	-	-	-	-	-
Chemical and chemical products .....	1	434	-	-	1	434	-	-
Miscellaneous manufacturing .....	7	3,446	-	-	6	3,161	1	285



Table 4 (Cont'd)

COST-OF-LIVING ALLOWANCES - FREQUENCY OF REVIEW

In Ontario Collective Agreements, Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision		Frequency of Review					
			Monthly		Quarterly		Semi-Annually	
	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	255	290,454	8	3,570	187	191,823	15	25,071
Non-Manufacturing .....	66	108,924	6	2,940	31	40,518	7	22,058
Forestry .....	9	3,740	-	-	9	3,740	-	-
Mining and quarrying .....	9	21,007	1	573	5	19,037	1	410
Transportation .....	22	41,495	1	658	1	935	4	9,559
Storage .....	-	-	-	-	-	-	-	-
Communications .....	1	4,741	-	-	-	-	-	-
Electric gas and water utilities .....	5	13,312	2	959	1	264	2	12,089
Wholesale trade .....	2	612	-	-	2	612	-	-
Retail trade .....	9	18,856	-	-	8	14,121	-	-
Finance, insurance and real estate ...	-	-	-	-	-	-	-	-
Education and related services .....	4	1,226	-	-	3	824	-	-
Health and welfare services .....	-	-	-	-	-	-	-	-
Recreational services .....	-	-	-	-	-	-	-	-
Business services .....	1	2,200	-	-	-	-	-	-
Personal services .....	-	-	-	-	-	-	-	-
Miscellaneous services .....	-	-	-	-	-	-	-	-
Federal administration .....	-	-	-	-	-	-	-	-
Provincial administration .....	-	-	-	-	-	-	-	-
Local administration .....	4	1,735	2	750	2	985	-	-

Table 4 (Cont'd)

COST-OF-LIVING ALLOWANCES - FREQUENCY OF REVIEW

In Ontario Collective Agreements, Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision		Frequency of Review						
			Annually		1 Change During Agreement		Other		
	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls	
All Industries .....	255	290,454	19	29,507	21	28,983	5	11,500	
Manufacturing .....	189	181,530	16	24,021	4	1,155	3	1,406	
Foods and beverages .....	11	8,609	-	-	1	200	-	-	-
Tobacco products .....	3	1,423	-	-	-	-	1	286	-
Rubber and plastic products .....	11	7,322	-	-	-	-	-	-	-
Leather industries .....	3	935	-	-	-	-	-	-	-
Textile mill products .....	4	1,727	-	-	-	-	-	-	-
Knitting mills .....	-	-	-	-	-	-	-	-	-
Clothing industries .....	-	-	-	-	-	-	-	-	-
Wood products .....	3	635	-	-	-	-	-	-	-
Furniture and fixtures .....	2	1,289	1	764	-	-	-	-	-
Paper and allied products .....	2	455	-	-	-	-	-	-	-
Printing and publishing .....	-	-	-	-	-	-	-	-	-
Primary metal industries .....	14	24,278	7	20,272	-	-	-	-	-
Metal fabricating .....	34	13,451	6	2,204	1	210	1	850	-
Machinery, except electrical .....	21	13,485	2	781	1	300	-	-	-
Transportation equipment .....	39	74,941	-	-	-	-	-	-	-
Electrical products .....	27	25,852	-	-	1	445	-	-	-
Non-metallic mineral products .....	7	3,248	-	-	-	-	1	270	-
Petroleum and coal products .....	-	-	-	-	-	-	-	-	-
Chemical and chemical products .....	1	434	-	-	-	-	-	-	-
Miscellaneous manufacturing .....	7	3,446	-	-	-	-	-	-	-

Table 4 (Cont'd)

## COST-OF-LIVING ALLOWANCES - FREQUENCY OF REVIEW

In Ontario Collective Agreements, Covering 200 or More Employees, by Industry, as of May 1975

Industry	Total with Provision		Frequency of Review					
			Annually		1 Change During Agreement		Other	
	Agrts	Empls	Agrts	Empls	Agrts	Empls	Agrts	Empls
All Industries .....	255	290,454	19	29,507	21	28,983	5	11,500
Non-Manufacturing .....	66	108,924	3	5,486	17	27,828	2	10,094
Forestry .....	9	3,740	-	-	-	-	-	-
Mining and quarrying .....	9	21,007	1	474	1	513	-	-
Transportation .....	22	41,495	1	271	14	24,713	1	5,359
Storage .....	-	-	-	-	-	-	-	-
Communications .....	1	4,741	1	4,741	-	-	-	-
Electric gas and water utilities ....	5	13,312	-	-	-	-	-	-
Wholesale trade .....	2	612	-	-	-	-	-	-
Retail trade .....	9	18,856	-	-	-	-	1	4,735
Finance, insurance and real estate ..	-	-	-	-	-	-	-	-
Education and related services .....	4	1,226	-	-	1	402	-	-
Health and welfare services .....	-	-	-	-	-	-	-	-
Recreational services .....	-	-	-	-	-	-	-	-
Business services .....	1	2,200	-	-	1	2,200	-	-
Personal services .....	-	-	-	-	-	-	-	-
Miscellaneous services .....	-	-	-	-	-	-	-	-
Federal administration .....	-	-	-	-	-	-	-	-
Provincial administration .....	-	-	-	-	-	-	-	-
Local administration .....	4	1,735	-	-	-	-	-	-









